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Old firms in the Netherlands

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Document Version

Publisher's PDF, also known as Version of record

Publication date:

2005

[Link to publication in University of Groningen/UMCG research database](#)

Citation for published version (APA):

Brouwer, A. E. (2005). *Old firms in the Netherlands: The long-term spatial impact of firms' identities and embeddedness*. [Thesis fully internal (DIV), University of Groningen]. [s.n.].

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5 THE SURVIVORS, GOLDEN OLDIES?

In this chapter, the first exploration of the empirical data is described. As discussed in Chapter 2, Section 2.3, there were 362 old firms in the Netherlands that in 2001 met this investigation's definition. In Section 2.4, the population of old firms in the Netherlands was briefly introduced, and in this fifth chapter the population of oldies will be discussed in more detail. The results from the telephone survey and the written questionnaires to the old firms are presented, and this forms the first step in testing the hypotheses posed in the previous chapter. Before confronting old firms with younger firms in Chapter 6, the population of oldies are first be discussed in more detail. In Chapter 6, these results will be confronted with a contrast group, after which some of the hypotheses will be either rejected or accepted.

5.1 Introduction

In this chapter, the results from the telephone survey will be first described, followed by a confrontation with results from literature. This will be achieved in four ways. First, an overview of the results from the telephone survey of the entire population of old firms is discussed, and some preliminary conclusions concerning this group are given on the aggregate level. Second, an analysis of 16 spatial firm histories is presented in this chapter, on the basis of written questionnaires completed by the old firms. Conclusions are drawn from these cases as illustrations of the findings in Section 5.2. These questionnaires will be more extensively discussed in Chapter 6 when confronted with younger firms. Third, for some of the manufacturing groups, the data are also spatially presented and compared to the historical development as discussed in Chapter 3. Fourth, individual 'old firms' will be used to illustrate these outcomes with descriptive data from primary and secondary sources. The primary data come from the telephone interviews and will be identified as *Respondent* [1,2, ..., *n*], representing the respondent's answers and elaboration to the questions; the respondent's number corresponds with the firm's number in the original database. The secondary data come from the old firms' jubilee books and other material provided by various firms. These data will be identified as *Firm* [*A,B*, ..., *n*], and accompanied by the book's author and reference where available. The chapter will conclude with some preliminary results and conclusions that will be the leading points into Chapter 6. The main objective of this exercise is to gain insight into the characteristics of old firms and their interactions with their local environments.

5.2 Characteristics of old firms in the survey

In the telephone survey, questions were asked to the managers of old firms concerning the year of founding, legal status, present location, foreign branches and product or activity, identity of the firm, as well as questions about changes in product or activity, relocation and family involvement during the existence of the firm. The questions posed during the telephone survey are listed in Appendix 1. In order to avoid deviation in the results as much as possible, the survey used a pre-described list of questions (see Segers, 1999). The number of questions is kept low in order to raise the response rate. When firms were not successfully contacted on the first attempt, they were re-contacted up to five times. The overall response rate of the survey was 71%; i.e. 257 cases. In this section, the status quo of the 'old firm population' is first given, followed by an analysis of the data. All the characteristics of the population of old firms resulting from the telephone survey are presented in Table 5.1. The results presented here are discussed in Section 5.2.1 in the same sequence as in Table 5.1.

5.2.1 Analysis of survey

Considering Table 5.1, the following statements can be made about the characteristics of old firms. From the telephone survey it was found that most old firms were founded in the era close to the start of the industrial revolution, or firms founded in that era had the most survivors in absolute terms.

The smallest number of employees of the questioned firms was one employee (generally the owner of the firm); and the largest firm had 1100 employees. The mean number of employees was 108. Old firms are overrepresented in the larger categories (10 to 99, and 100 or more employees) compared to the size-distribution of the total firm population. On average, old firms are thus larger, measured by number of employees. The population of old firms has a different size distribution than the total firm population in the Netherlands. Hannan and Freeman (1989) claim that the mortality rate decreases with age and size and so, in other words, when one studies the 'old' survivors, one would expect that these firms are larger, as noted in Chapter 4. Looking at the figures in Figure 5.1, this statement holds true for this survey, with size measured by number of employees. The relative size distribution of the old firm population when compared with the relative size distribution for the total firm population shows that the single-employee category is considerably smaller for old firms than for the total firm population.

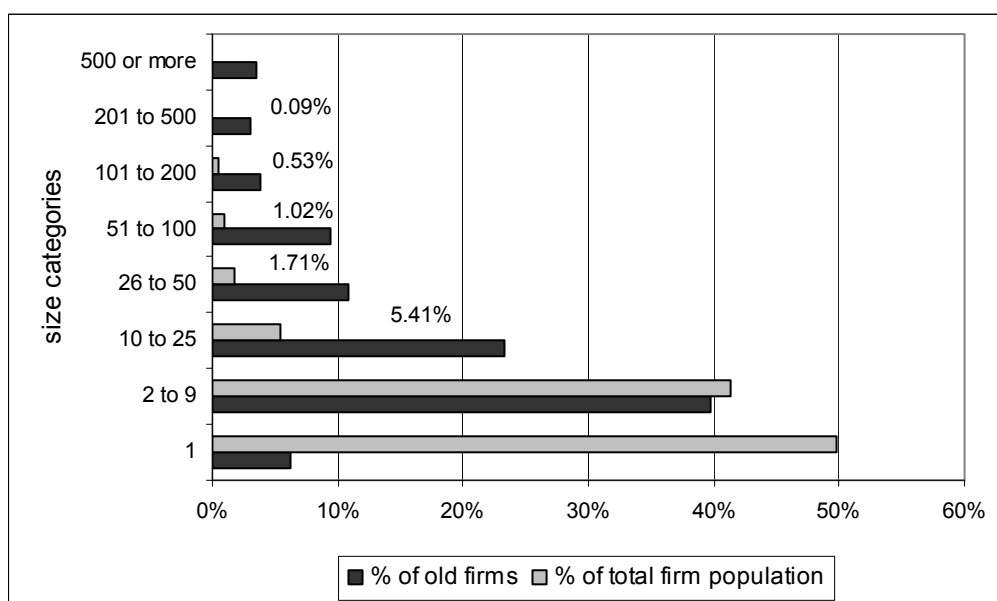
Table 5.1: Old firm characteristics

Founding year	% of old firms	
before 1801	22.2	
1801-1820	11.3	
1821-1840	30.7	
1841-1850	35	
Number of employees	% of old firms	% of all firmsⁱ
1 to 9	45.9	91.2
10 to 99	43.6	8.2
100 or more	10.5	0.6
Relocation	% of old firms	
do not know	1.9	
not relocated	52.9	
relocated	45.2	
Sectors	% of old firms	% of all firmsⁱⁱ
manufacturing industry	40.1	9.7
construction	29.2	11.9
wholesale	17.9	20.6
financial institutions	4.7	32.4
transportation	3.9	10.9
other services	3.5	14.4
business services	0.8	0.1
Product / activity	% of old firms	
no change / continuity	60.3	
differentiation	32.3	
total change	7.4	
Legal form	% of old firms	
public limited company	65.0	
general partnership	13.6	
single proprietor without personnel	9.3	
single proprietor with personnel	5.1	
limited liability company	4.3	
other	2.7	
Family involvement	% of old firms	% of all firmsⁱⁱⁱ
family owned	90.7	55.6
other	9.3	44.4
Foreign establishments	% of old firms	
yes	12.1	
no	87.9	
Expansion current site	% of old firms	
yes	56.4	
No	43.7	

Source: Brouwer and Henrich (2001); KvK, (1997 & 2004)

Furthermore, the larger categories have considerably more employees on average for the old firm population than for the entire firm population. It is interesting to see that although the group of old firms amounts to only 0.1% of the total firm population in the Netherlands, these firms generate 4% (27,791 full time jobs) of the total Dutch employment (CBS 2003). This shows that old firms still have a considerable economic significance.

Figure 5.1 Relative size-distribution of firms in the Netherlands in number of employees

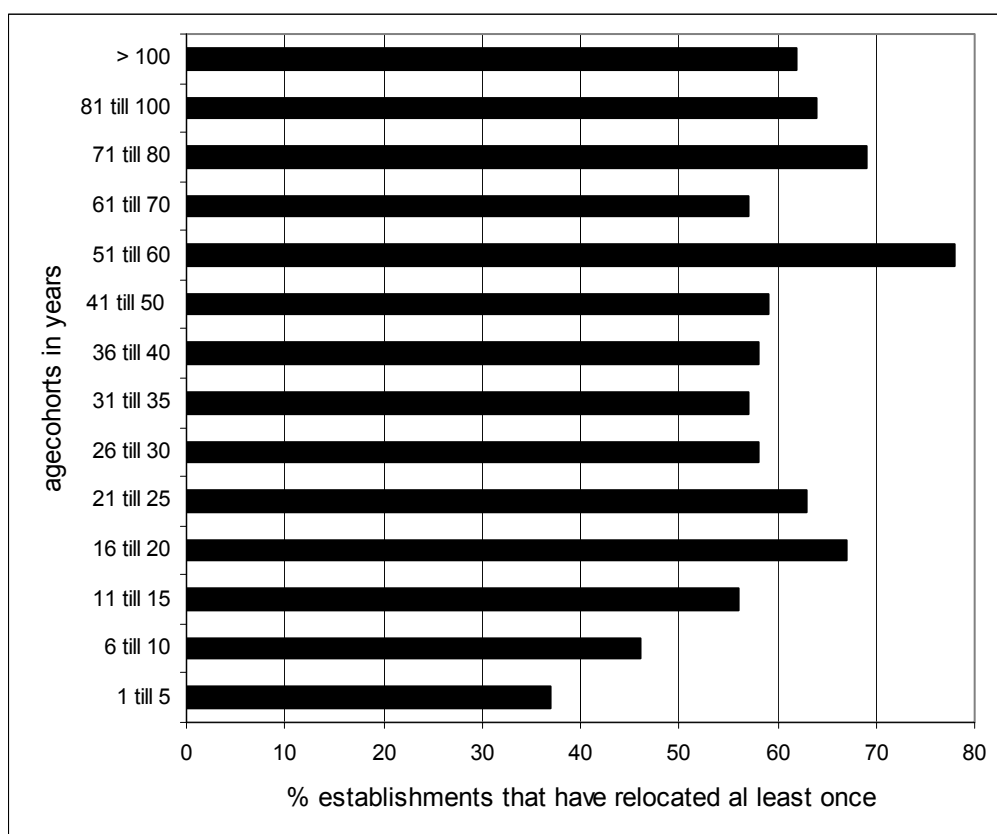


Source: Brouwer and Henrich (2001). Note: The size distribution for the total population includes all firms in the Netherlands with one to 250 employees, larger firms were not considered. Nevertheless, these numbers give a good representation of the size distribution of the entire Dutch firm population

In the population of old firms, 45.2% of the firms have relocated at least once. This is a considerable lower percentage than the Dutch average of 60.8% (Van Steen, 1997). So old firms relocate less. In the survey, when a firm said it had relocated, the succeeding question was whether these relocations occurred inside the own region or over longer distances. 60.6% of the relocated firms moved within their own region. Old firms thus show a tendency to stay in one location or one region; or to put it differently, old firms show an adherence to their home regions. But how is this compared to the total firm population? To give an impression of how the relocation figures for old firms compares to the relocation figures of the total firm population, the relocation figures from Table 5.1 can be compared with Figure 5.2, which shows the results of the FRW firm-panel in 1997. This panel can be seen as representative of the entire firm population of the Netherlands. For this panel, a

sample of the Dutch firm population is questioned on firm dynamic actions at regular intervals.

Figure 5.2: Percentage of relocated establishments in the Netherlands, per age cohort



Source: FRW firm panel, Van Steen (1997)

As can be seen from Figure 5.2, firms in the panel are at least 25 years old show a consistent pattern in that about 60 to 65% of firms that have relocated at least once. This includes the oldest age groups from 70 to 100 years old and above. In the population of old firms, only 45.2% had relocated. This is substantially less than the 60 till 65% relocations in the representative sample of the total firm population. As described in Chapter 2, about 90% of Dutch firms are single-site establishments, so the comparison can be made without problems. Old firms do relocate less, or 'stick' more. Considering the large number of short-distance relocations in the firm's home region, it can be concluded that old firms display a high stickiness to their home region, or at least old firms have a reduced tendency to move. However, in general, in the Netherlands firms do not relocate long distance. Pellenbarg and

Kemper (1999) found that the vast majority of firm migration movements are local or at most intra-regional. Given that these old firms must have been young once, and since they show less migration activity over the whole period of their active existence, their location behaviour is clearly different from what can be seen in contemporary research on relocation behaviour of young and middle-aged firms (compare Pellenbarg and Van Steen, 2003).

Reasons for this 'stickiness' to the home-region could, as was argued in Chapter 4, be the following: locational inertia caused by the large costs that are associated with collecting the necessary information for a search, purchasing and development of land, building of premises, interruption of production, and time expended in developing the new site. This is not necessarily valid for all firms. However, Winter (1990) argues that organisational survival is a matter of continuity and routines. Inheritance is a phenomenon reflecting the special advantages that an organisation has in spatially replicating its routines. This is an argument for higher long-term survival when a firm 'sticks' to one well-known and familiar location. Another reason for the low mobility of older firms could be size-related. According to Van Steen (1997), relocation in the home-region is more common among older firms since a movement over a shorter distance has less influence on the current employees. These employees will not have to be replaced. Since older firms tend to have more employees, and more specifically trained employees, they tend to stay in the home-region. This is confirmed, for example, by *respondent 187* who says: *"we have always worked with employees from the nearby areas because the firm's market is so very local. Some employees are the third generation employed by this firm"*. This would suggest that larger 'older' firms would have moved relatively less, the results from the survey, however, give a different picture, as shown in Figure 5.3.

Firms with more than 10 employees, have a higher mobility. This is different than expected and is probably caused by the fact that the relocation took place in the early years of the firms' existences when the firms were probably much smaller. In fact, relocation might have induced the growth in number of employees.

Of the old firms 56.4% expanded on their existing site. Expansion on the current site is a spatial adjustment to the firm's own environment. A comparison to see whether relocated firms had less on-site expansion than firms that did not relocate does not show a clear distinction. 56.1% of the not relocated firms had expanded on-site, against 53.6% of relocated firms at their current location.

In Figure 5.4, one can see that among the old firms, the 'older' firms are relatively more mobile than the 'younger' firms in the survey. The only age group of which more than 50% relocated is the group that was founded before 1800. Overall, the relocation rates gradually fall from 59.6% to 38.0% with a shortening existence of

the firm. Only the age group from 1801-1810 interferes with this pattern. What causes this irregularity is unclear; it might be caused by circumstances existing at founding.

Figure 5.3: Percentage of relocation in size distribution of old firms

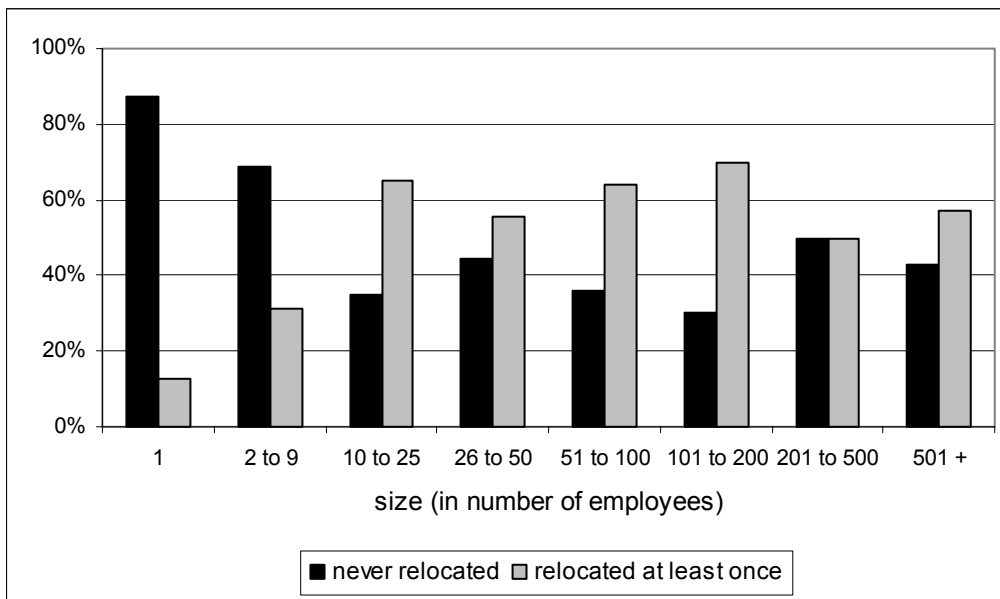
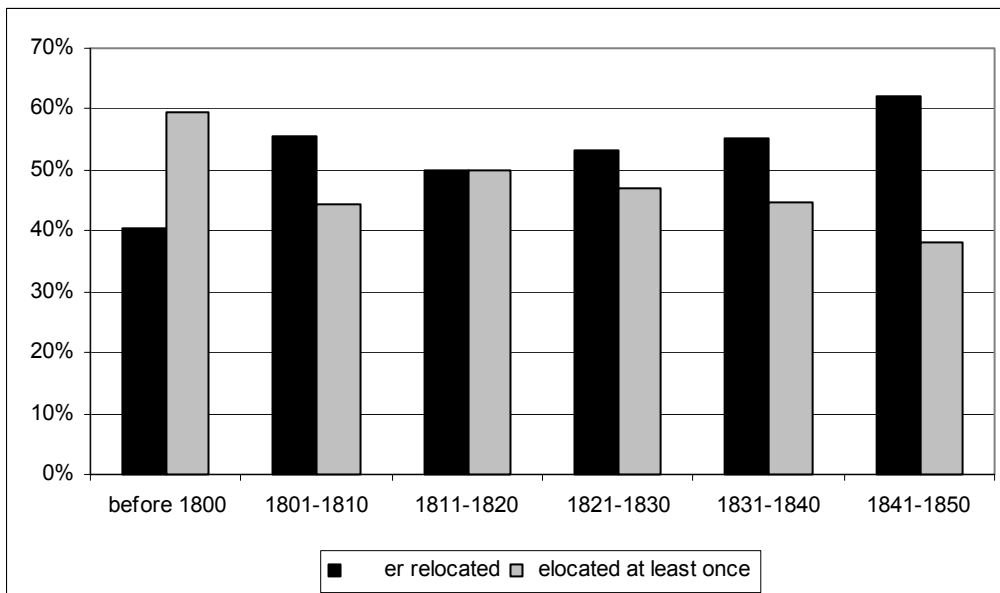


Figure 5.4: Percentage of relocation at different ages of old firms



The local accumulation of human capital and supportive institutions leads to a comparative advantage, which is hard to copy and difficult to transfer to other areas (Boschma and Lambooy, 1999). This will become increasingly difficult as a firm is aged and thus becomes more 'attached' to a specific location; i.e. embeddedness. As the firm population ages, the firms are more likely to have their actions and structures endorsed and legitimised by powerful collective actors. They are also likely to establish channels of exchange and relationships with other populations and thus become part of the power structure of the broader ecological communities in which they reside (Baum and House, 1990; Wintjes, 2001). Several respondents emphasised this point when answering the relocation question: *Respondent 275* having never relocated, the manager argues that “*we are very much emotionally attached to our location, that is why we even put the location in our firm's name*”, and three respondents argue that they could never leave their current location, since their firms have been there since founding and the streets in which the firms are located are named after the firms and not the other way round. For example, as *respondent 373* answered: “*we have never moved, we are very bound to our region, for a long time because the market was local, but now mostly emotionally. The street in which we are located was named after us, we could never leave.*” underlines this point of embeddedness of old firms in their local environment.

Concerning sectors, old firms are concentrated in the following sectors; manufacturing industry (40 %), construction (29 %) and wholesale (18 %). The first category originates mostly from craft businesses such as the production of beer, liquor, traditional sweets, book printing & binding, mills or the production of metal objects, formerly blacksmiths. Since the population of old firms pre-dates the industrial revolution it is expected that one will find so many of these ‘old-fashioned’ products and activities. As for wholesale, firms in this category originated mostly from shops and merchants dealing in colonial goods, as was noted by many of the wholesale respondents in the survey. An example; *Respondent 48* narrates that “*this firm was first importing and merchandising colonial goods, later on the production of food and the wholesale of imported goods to shops became core activities*”. In comparison with the sectoral distribution of the total firm population in Table 5.1, old firms are overrepresented in manufacturing industry and construction. They are correspondingly underrepresented in wholesale, financial institutions, other services and transportation. One explanation could be different survival rates for each sector, but for this long period, there are no data available. Another explanation could be the sectoral distribution at the time of founding. Before the industrial revolution, the Dutch economy mostly consisted of crafts works and colonial trade (Brugmans, 1961; De Jonge, 1968), and examples of this are, among others given by *respondent 208*, “*we modernized our production, but based on old-fashioned*

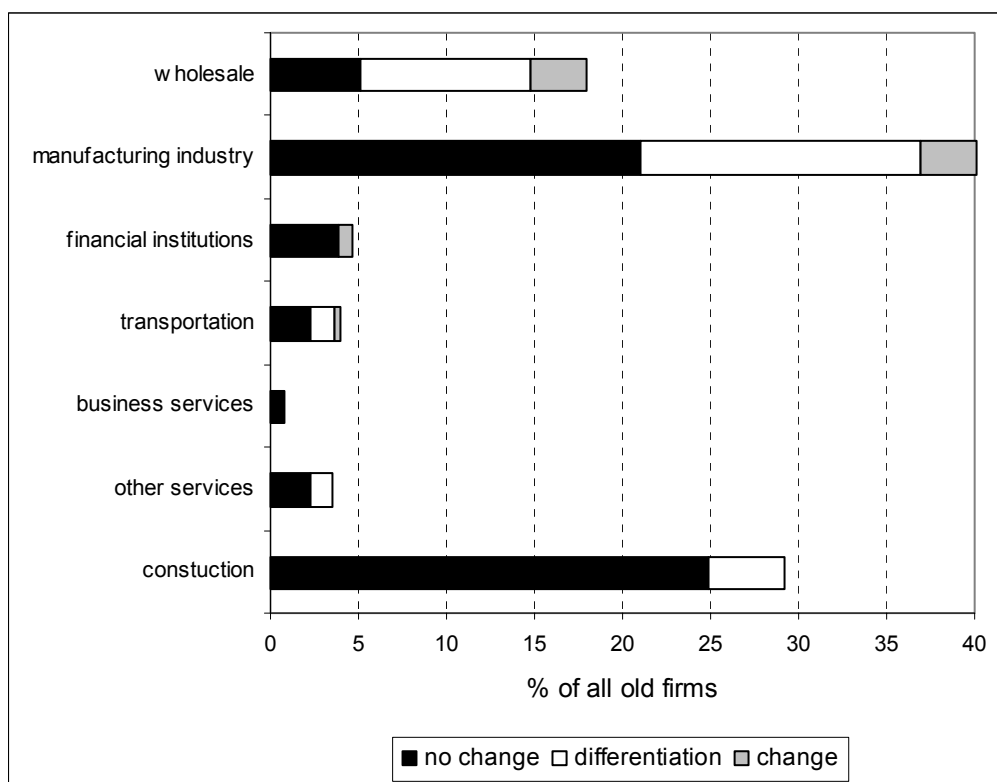
principles and methods.” and respondent 401: “*we always built ships, the kinds of ships and the materials used changed over time, but the feeling of building ships has never changed*”. If these sectors were dominant before 1851, then it can be expected that this would result in many ‘survivors’. The under representation of financial institutions, transportation and other services is caused by (alongside the sectoral differences) the large numbers of banks and financial institutions that merged in the past 30 years and the growth of the service industry from the 1970s onwards (Van Geenhuizen and Van der Knaap, 1991; Pellenbarg, 1985).

Product diversification may reduce exit-rates, or in other words, product diversification may be an incentive for survival (Siegfried and Evans, 1994). Although the ‘survivors’ in this survey generally have unchanged products / activities, it is noticeable that 7.4% of the old firms have experienced product / activity change (e.g. from a distillery of liquor to the import and wholesale of liquor; although this firm still met this research’s definition since the basic product and name remained the same). However, since it is unknown what percentage of the non-survivors experienced such changes, it is impossible to really conclude that a change of product or activity is an incentive for exit. It seems, however, that less change is good for long-term survival in some industries. High variations in survival rates across industries are found in other European countries and in North America (Audretsch et al., 1998). A persistence in product or activity, as observed in old firms, is an indication of structural inertia, which is consistent with ideas of population ecologists (Hannan and Freeman, 1984). As argued above (respondents 208 and 401), the production changes were mostly in method or process. However, most old firms feel that they still produce the same product or offer the same service. Respondents gave a few examples of this. Respondent 233: “*my firm still produces exactly the same product, although the production was by hand until 1986 and now we have mechanised production.*” Or another example, respondent 403: “*our family firm was always active in metal although we have substantially modernised*”. Or, as elaborated further, by respondent 439: “*we always constructed coachworks, even though the ‘coachworks’ nowadays are different, the general idea has remained the same.*” Even though the product has not changed according to the definition used in this research, sometimes the management of the firm feels different, as respondent 442 argues, with a similar product as respondent 439: “*so much has changed, the product we have produced the in last few decades: coachworks, is hard to recognize as the ‘coachworks’ we used to produce.*” Within this survey, this last comment is, however, more the exception than the rule.

From Figure 5.5 it is clear that product differentiation is most common in the largest-represented sectors: manufacturing industry and wholesale. By product differentiation we mean the mechanization of the production process, or the same product but in a more ‘modern’ format. Construction stands out with no real

change in activity at all. Construction, real estate and financial institutions are the most 'product and activity stable' sectors. Transportation, manufacturing and wholesale on the other hand experienced the most product-change and differentiation.

Figure 5.5: Sector and product continuity in percentages of the population of old firms and as percentages of the sector



Overall, the conclusion is that old firms consider their product or activity to be little changed. Only in wholesale, had a convincing majority of the old firms experienced changes to product or activity. However, even in this group, firms kept to the same basic product. Change in this group should be seen as modification from merchandising (retail) of goods, to nowadays the wholesale distribution of the same product. Or first production and later a switch to wholesale as, for example, *respondent 170*: “*first we produced pastry in a small bakery, now we still produce pastry, however we sell it in a wholesale way*”.

The most common ‘legal form’ of the old firms is the public limited company. This is to be expected, since this is the legal form that, by law, is the simplest to transfer ownership rights to heirs or third parties (Van Vuren and Mol, 2003). Because old

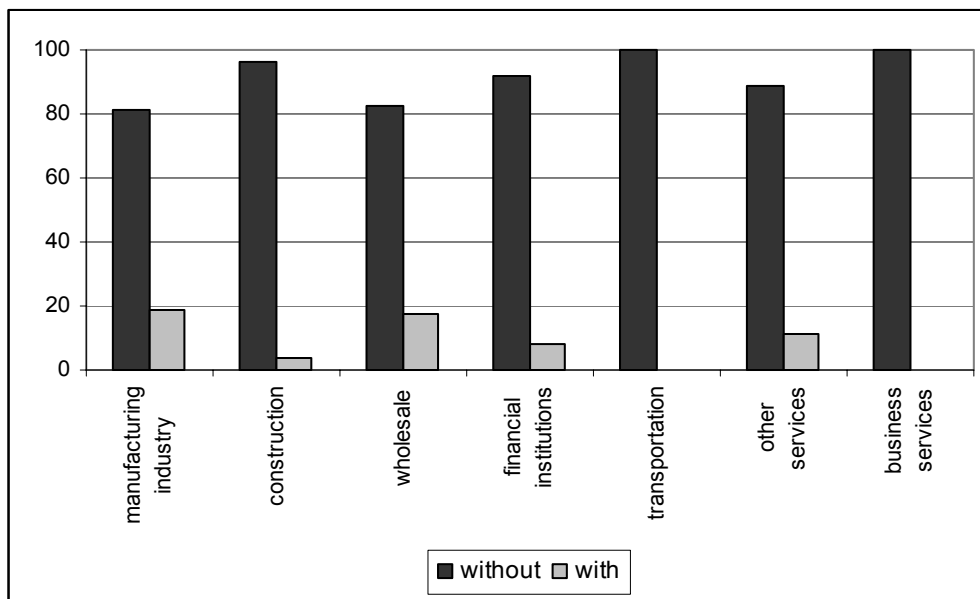
firms exist across several generations of entrepreneurs it is important for the firms' survival, that the takeover is secured (Lotti and Santerelli, 2002). This is best managed in the legal form of a public limited company. However, as explained in Chapter 2, legal changes are, in this investigation, not considered to be disruptive changes for 'survivors', provided that the firm met the other criteria. Firms that mentioned this kind of change, did agree with this assumption, as for example respondent 243: *"we were originally a trading company in a public limited form, as we grew over time we needed a new legal construction. However, the atmosphere and identity of the firm were not altered by this"*; or respondent 105: *"we were originally a family firm, however, in the course of time we took over some smaller firms and with this our legal constitution sometimes changed, nevertheless, we still produce the same product and 'feel' the same."*

A large percentage of the old firms are family firms. In family firms, striving for profit maximisation is subordinate to the economic and social consequences for the family involved. In family firms, matters of succession and getting involved in the stock market for the continuation of the firm are more important (Arnoldus, 2002). Lotti and Santarelli (2002) make the same argument; they found that the largest risks for exits in family firms are at the moment of succession. Those entrepreneurs who do not have heirs, or have heirs that cannot or do not wish to continue the firm, often prefer to close down the business rather than hand over the control of the firm to an outsider. Lotti and Santarelli conclude that the likelihood of survival among small family firms is solely a matter of age, and their evidence indicates that there is a high risk of sudden exit (death) from the market in the age period during which a firm is most likely to face the problem of succession. Succession of the family firm is very important and is even likely to keep 'alive' family firms that are commercially 'less successful'. This is the reason that so many old firms are family-owned. In the telephone survey, a firm was considered to be a family firm if the family was still actively involved and, even though the Chambers of Commerce (kvK) (see Table 5.1) use slightly different criteria, the large percentage of family involvement in old firms is striking. Many respondents did express the fact that they have been family firms since founding. Prominent examples of this among the many are respondent 287: *"we are a family firm, we stay a family firm. Within our firm tradition and quality are very important. This is continued from father to son."* And respondent 413: *"this is a genuine family firm, the quality of our product is transferred from father to son"*.

Pennings and Sleuwaegen (2000) argue that larger firms have a higher probability of having foreign branches. However, only 12.1% of the old firms surveyed has an establishment outside the Netherlands. Since old firms are, in general, larger the lack of old firms with a foreign establishment is surprising. An explanation for this is probably that many old firms still produce traditional crafts products that might

not have a significant foreign demand. However, the sectors that produce the most traditional goods (manufacturing industry, wholesale) have the largest percentage of foreign establishments, as can be seen in Figure 5.6, which somewhat negates this argument.

Figure 5.6: Percentage of firms per sector with and without a foreign establishment



Summing up, we can conclude from the survey that old firms in the Netherlands are in general, larger, less mobile, more active in the manufacturing sector, have no history of changing product or activity and are public limited and family-owned companies, and have no foreign establishments. Looking at old firms from the spatial perspective, the results for mobility, foreign establishments and on-site expansion are especially remarkable. On first sight it is found that in terms of location old firms are quite inert, however, a confrontation is needed with younger firms to comment further. As for the hypotheses posed in Chapter 4: old firms are larger and more inert in certain perspectives. However, the concept of inertia in a spatial perspective must to be tested more thoroughly, and this will be done in Chapter 6. Furthermore, these primary results seem to be in conflict with the theory of the learning organization. In this theory, firms adapt to their environments and, by this adaptability, the firm has increased survival chances. This is not the case, and the results are more in accordance with the theory of structural inertia. Then again, this raises the thought that for the very long-term period considered, and with the quite specific traditional products and activities that many of these firms

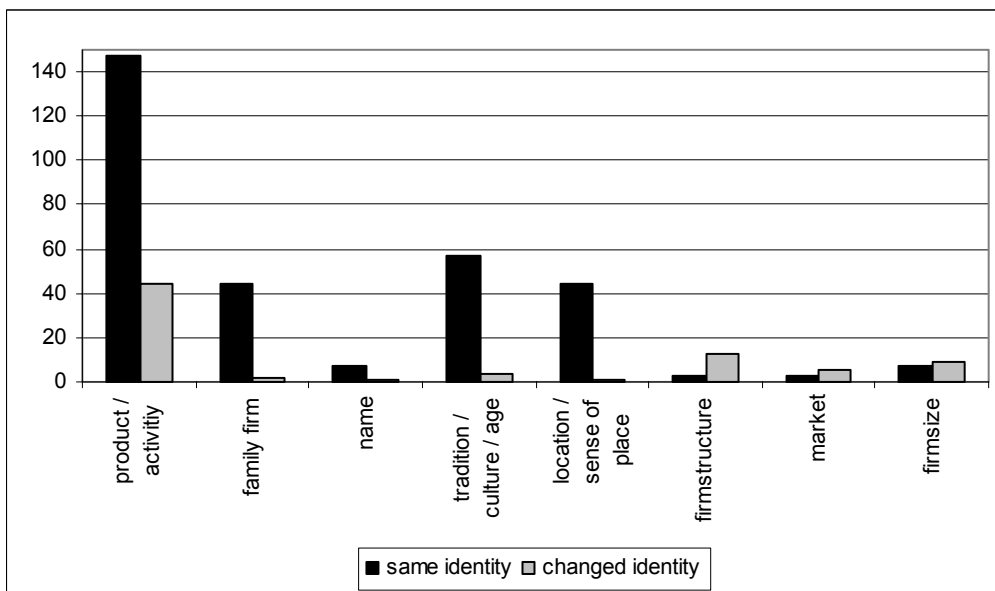
have, no change was probably was the best ‘adaptation’ these firms could have made. By staying put in their own location, and adhering to their own specific product, these firms created their own little survival-niche. The low mobility of old firms could be caused by structural inertia, on the other hand it must be remembered that in the era when these firms were young, in the 17th, 18th and the beginning of the 19th centuries firms had a smaller ‘action space’ and the migration of firms was simply less common than nowadays.

5.2.2 Identities of old firms

Another question asked in the telephone survey, although not included in Table 5.1 was: ‘do you find that your firm still has the same identity as when it was founded?’ Of the old firms, 73% considered their firm’s identity to be unchanged. Several of the illustrations given in the previous section already indicated that the firm’s identity^{iv} is intertwined with other variables. In Chapter 4, it was found that a stable corporate identity, with an emphasis on the meaning of reputation, reliability and accountability within this identity, is important for long-term survival. So it can be expected that old firms will retain the same identity and are, in fact, ‘locked-in’ to this identity. Using a content analysis of the elaborated answers to these questions, eight different categories were constructed^v that were mentioned in the survey as being determinants of (un)changed identity. The results are given in Figure 5.7.

From Figure 5.7, it can be seen that the corporate identity of old firms is mainly represented by the nature of the product or activity of the firm. When the product stays the same, the firm keeps its identity, and when the product process or activity process is changed, the identity of the firm changes accordingly. This is, of course, also due to the criteria selected for this investigation. Furthermore, ‘continuous family-involvement’, ‘tradition, culture and age’ and ‘location’ were given as important elements in identifying an old firm’s identity as being the same since founding. In contrast, changes in the firms’ structure, market and size, are less seen as indicators of a changing corporate identity. The mentioning of ‘location’ as an identifying factor is especially interesting for this investigation. Location was mentioned more than 40 times. Examples of this were: firms having been located at the same place so long that the street is named after the firm and not the other way round, the firm has know several generations of clients and employees, and because the firm produces a regional product. Also because the firm has been located somewhere so long, that the name and place are mentioned in one breath. Relocating out of this region would harm the firm’s image. This indicates that old firms are embedded in their location.

Figure 5.7: Absolute number of diverse elements that were mentioned by the respondents in considering why the firm had the same or a changed identity



The grey bars represent the negative answers, e.g. change of product = change of identity; and the black bars represent the positive answers, e.g. same product = same identity since founding. The totals exceed 257 (n respondents) since one respondent could list several elements in one answer.

A good example of this is given by *Respondent 199*: "yes, we convulsively tried to keep the original identity of our firm; by producing the same product by the original recipe in the same building that our great-grandfather started this firm. We are keeping the tradition alive' This illustration is one of many examples of old firms putting an emphasis on their firm's identity. It can be concluded that old firms have a strong identity that has remained stable over their existence. The sense of identity is strongly related to other firm variables in remaining stable, as can be seen in Figure 5.7. Also in the secondary data, this emphasis on an awareness of stability and a continuous identity is found regularly. A few outstanding examples are: *Firm D*: "The heart of the factory - the distillery kettle – remained in essence the same" (Slytermand and Vleesenbeek, 1995, pp.81-82), *Firm F*: "The long-established traditions are continued" (Duco, 1999), *Firm E*: "a bank is a traditional firm. Traditions underline the continuity of the bank and with this enlarges public trust" (De Vries et al., 1999, pp.94), *Firm M*: "Our name is known for 222 years. An established name you don't change, all successive generations understood that" (Woudt and Woudt, 1999, pp. 72), or very clearly *Firm V*: "We are the sixteenth generation in this firm and we are very proud of our long history.

In the Netherlands we are the oldest family firm that still makes exactly the same product” (Boorsma, 2002).

In the following section, the notion of identity within firm histories is further discussed. In Chapter 7, a more elaborate discussion on corporate identity is given. Also an investigation on the reflection of the corporate identity onto the corporate image is discussed in that chapter.

5.3 Spatial firm histories

History dependence, as described in Chapter 4, creates a path-dependent lock-in situation at the firm’s location. One-way of investigating this is by the event-history of firms, which describes the values of qualitative variables concerning strategy and behaviour of a firm in a particular observation period (Van Geenhuizen, 1993). The events firms live through, and the actions firms take in a reaction to these events, will influence the firm’s survival chances. The study of the spatial history - the location behaviour - of firms is a useful and complementary contribution to the investigation of old firms. The spatial history of firms gives an insight into the nature of the spatial changes in the life of the firm, and can be used to see how these spatial changes have influenced the status quo of the firm (Van Geenhuizen, 1993 and 1995). This kind of firm history analysis is different from the usual history analysis because of its spatial angle. The spatial dimension is underlined by explicit attention to the localised unit, the establishment of the firm, and with this the spatial organisation of the firm under study (Van Geenhuizen, 1989). This type of analysis, within this thesis, tries to fill the gap between the aggregate level and the specific case-study design followed by Van Geenhuizen and Vaessen, and to broaden the insights into the long-term survivors in the Netherlands. The spatial histories that Van Geenhuizen talks about are more in-depth and detailed than the histories discussed below, nevertheless these ‘mini’ spatial firm histories give an insight into the long-term development of the old firms in this study. As Pettigrew (1997) argues, the aim of case studies is not only to document the activities that take place over a specific period of time, but also to study the dynamics that exists in the tension between past, present and future.

The data come from written questionnaires (see Appendix 2), which were sent to the respondents of the telephone survey. 37 old firms responded; the numbers on the questionnaires correspond with the number given to the firm in the original database. Unfortunately, not all respondents could complete the written questionnaire thoroughly due to the memory gap. Only about half of questionnaires were completed in such a way that a small spatial firm history could be drawn.

5.3.1 Sixteen small spatial firm histories

In this section, sixteen firms are briefly described in terms of their spatial firm history. These sixteen firms were those firms that fully completed the questionnaire. Still, the histories differ in length, depending on the detail of the answers. Some firms gave some additional information in flyers or marketing material and sometimes even in jubilee books. When information is taken from this additional material, the information is shown in *Italics*. The objective of this exercise is to create a spatial firms history in the tradition of Van Geenhuizen (1993) and Vaessen (1993). Due to the short and descriptive nature of these specific firm histories, it is complementary to the telephone survey, and places an emphasis on the long-term character of this investigation.

Questionnaire 001 [founded in 1792]

This printing firm is a single site establishment. The premises are rented but the firm has expanded on the site and rebuilt part of the premises to create room for expansion. They have, however, left the façade of the premises intact, so that the first impression of the firm remains constant. The location is rural, and has no specific modes of accessibility. The management is quite content with their location, albeit, less satisfied with the accessibility: the location can only be accessed by a small road. The firm operates in the national market, but experiences mostly regional competition. The competition they experience is mostly price-based, and the management thinks that they are doing about average in comparison with their competitors. The management is very aware of the firm's identity and old age, and even uses this in marketing activities. The firm was established in a period of recession and has grown, especially in the last 50 years, from 4 to 29 employees. Takeovers or relocation have never been part of the firm's history. The management has made some tertiary process innovations. The firm has never received any subsidies, but the management does feel that they could have used one, especially right after the Second World War. In that period there was a need for personnel and resources. Over the last two decades there has also been a need for technically trained personnel, but now an educational programme is installed to remedy this. The firm argues about its history: *"the atmosphere and history of our location positively influences our product. Our location and genesis is special, and even though we do not provide a unique service, our specific identity makes our 'ordinary' service extraordinary."*

Questionnaire 012 [founded in 1848]

This publishing company has a headquarter in the Randstad and two branch plants, one elsewhere in the Netherlands and one in the USA. The firm owns its

headquarter, which is located close to the city centre and near to a highway to another town. The current location and accessibility are seen as very positive by the management. The firm operates in an international network of consumers, suppliers and competition; and aims at competition by quality. The management feels that it is doing better than its competitors. The identity has not changed, and the respondent feels that they stand for quality and continuity of production. The founding of the firm was in a period of economic prosperity and it has been a family firm until the last decade. They have steadily grown from one to 75 employees, and have never been much hindered by disruptive changes in the business environment such as wars and depressions. During the firm's life, several smaller businesses in the same branch were taken over, which has a positive influence on their survival. This firm has relocated twice, both short distances, as well as expanded on the current site. The first relocation took place in 1985 because of the need for more space, and in the second in 2003 to newly-built premises. Over the course of time some tertiary process innovations have been undertaken. The firm has never received any subsidies and has a positive bond with its employees by having an employees association and retirement funding.



Figure 5.8: Promotion poster. Source: De Koning

Questionnaire 017 [founded in 1696]

This firm is a single site manufacturing firm that has been on the same location and same premises since its founding. The premises are owned and have never been expanded. The location is in an inner city and close to the main road to the centre of town. Although the management is very pleased with its current location, accessibility could be improved. A strong attachment to the location and identity exists. The product is sold internationally, and there is no competition since it is a one-of-a-kind product, unique in the world. As described earlier, the firm is very proud of its identity, old age and product; and uses this in its marketing activities. In a promotional poster (designed around 1900, see Figure 5.1), a woman's figure is situated on a globe. She is standing on Western Europe, or so to say the Netherlands, and this gives a visual impression of how important this product, produced in the Netherlands, is for the entire world. In one hand, the woman holds a bottle of the product, in the other hand a banner with the words 'Sedert 1696' (since 1696). In a broadsheet about the

firm and its history, the spread of the product from the Netherlands in Russia (St Petersburg and Riga), Spitsbergen and all the way to China is discussed. Due to the laws of the eighteenth century in the Netherlands, the guild prohibited production elsewhere than in its hometown. Ever since, the factory of this product has been located in this town, and more interestingly in the house of the original inventor and founding father of the firm. As the respondent said in the telephone interview *“we persistently try to stay in the original location and the original building, this is part of our identity”*. This firm is a textbook example of preservation of traditional values; with the product they include ‘*a copy of the instructions for use from 1749 for its historical value*’. The management is still run by the family and the number of employees was 10 in 1800 to 1900, and then fell to 5 in 1950 and even to 3 employees in 2000. Several ‘imitators’ of the product were taken over to keep their unique position, and this has been a positive action for the firm’s survival. Two primary product innovations were implemented (further to the development of the original product) in 1920 and 1960. In the past, the employees had company housing and there was also education funding provided for employees. Over the course of time, the firm has experienced difficulties during the First and Second World Wars in the availability of resources, markets and exports.

Questionnaire 023 [founded in 1722]

This is a large old firm in the chemical industry, which has its headquarters in the Netherlands, seven production and sales branches over the Netherlands and another 40 abroad. The headquarters have relocated twice, both relocation because of the need for space for expansion, the first in 1980 within the home region, the second in 1998 from this large urban area to a smaller town. The premises are owned by the firm and have expanded. The current location is on a site for manufacturing firms and the management is quite content with this location. This site is very close to a passing highway and has good access. The product is sold on the international market and the competition is quality-based. The firm has typical revenues. The corporate identity has changed since founding, especially due to the many takeovers and the engagement in international activities. This firm has grown considerably in numbers of employees and was already a large firm in the 19th century. They grew from 100 employees in 1800, to 350 in 1850, 500 in 1900, 1500 in 1950, and then a small decrease to 1200 employees in 2000 in the Netherlands. Worldwide there are 10,000 employees. The many smaller businesses that this firm took over were positively evaluated for the firm’s survival, however as argued earlier not for the continuation of its identity. Several innovations have been implemented, a secondary product innovation around 1870, a tertiary process innovation in 1925 and another secondary product innovation in 1961. The firm has received several subsidies that have had a positive influence on its survival.

The employees are very organised in personnel clubs, and can use company housing, educational and retirement funds.

Questionnaire 035 [founded in 1745]

This old firm is a single site family firm in publishing, which never has relocated and owns its premises. Several on-site expansions of the building were completed in order to create space for expansion. This firm is located in the centre of town near the town's main road, and both the location and accessibility are seen as satisfactory. The company operates in the local market for consumers, suppliers and competition, the last being price-based. The identity of this firm has been altered since, alongside to its original product, several other products have been introduced that, according to the management, disrupted the firm's identity. There have been no takeovers, and once a subsidy was received that had a positive influence. This subsidy gave the firm the opportunity to restore its original premises to their original state. Two tertiary process innovations were implemented, both in the period 1960-1965. The firm has experienced difficulties in several historical periods. During the First and Second World Wars there was a shortage of personnel and resources, as well as low sales. During the depression in the 1930s sales were also low and this caused severe strains on the family capital. This was also the case in the 'cold war' period, and the family capital was fully invested in order to survive.

Questionnaire 086 [founded 1796]

This construction firm has its headquarter and a branch plant in the same town. Both sites were expanded and both are owned by the family. The headquarters are located at the edge of the town's centre and close to an express train station. The current location is adequate, although the accessibility of the site could be improved. The firm operates on price competition in a national network with typical revenues. The identity has been unaltered since founding, and the company's old age is occasionally used in marketing activities. A steady growth from 2 employees in 1800; to 3 in 1850 and 1900, and then a sudden increase to 250 in 1950, due to rebuilding after the second world war; took place, followed by a decrease to 120 employees by the year 2000. This firm has never taken over other firms. The branch plant was relocated twice by short distances within the same town in 1920 and 1950, both relocations for sufficient expansion space. They have never been engaged in any innovative activities and takeovers, nor did the firm received any subsidies. The employees can make use of educational and retirements funds. During its existence there were problems with the availability of resources during both the World Wars, the need to invest the family's capital

during the depression of the 1930s due to low sales, and experienced difficulties in finding adequately trained personnel in the last decade.

Questionnaire 088 [founded in 1799]

This medium-sized firm is a single-site family firm producing silver artefacts, the company owns its premises, has never relocated but did expand the building when needing more space. The location is an inner-city one, and the management is quite satisfied with this location. It is located close to a public transportation stops (bus, underground, tram) and the owner is reasonably satisfied with its accessibility. The consumers and suppliers are internationally located, but the firm's competition is mainly national. The competition is based on price, and the management feels it is doing better than its competitors. The identity has remained stable over its existence because, the respondent feels, that it has been, and still is, reliable in its product. There was a slow increase in employees from 2 in 1800, 3 in 1900, up to 7 employees in 2000. Once the firm did receive a subsidy for labour costs, but this had no influence on its survival. There are no facilities for the employees. During the company's history, they only experienced shortage in resources during the First and Second World War and during the depression in the 1930s. Furthermore, there have been some difficulties in finding suitably educated personnel in the last decade.

Questionnaire 105 [founded in 1797]

This old timber firm's headquarters were always located in the centre of the Netherlands, and over the course of time it has expanded with 35 sales branches, spreading over the Netherlands from 1904 onwards. The headquarters are owned by the firm, and have been expanded on-site several times. The location is on the edge of an inner city close to an entrance road. Both the location and its accessibility are seen as reasonably sufficient. The spread of the competition and consumers grew from local to national (with the 35 branches) and the suppliers are internationally based due to the nature of the product. The firm's competition is based on price, and the management feels it does better on average than its competitors. The corporate identity has remained the same since founding, because the firm has always produced and traded the same product. The company's old age is occasionally used in marketing. Given the fact that it has produced the same product for over 200 years, with the slogan "*het hout nooit op!*" (it never stops – the word 'hout' is Dutch for wood and a homonym of the conjunction of the Dutch verb 'ophouden' - to stop) (Van Gerdingen et al., 1997). The family has been continuously involved, although, the firm entered the stock market in 1970 with the family remaining on the board of directors. The Royal Seal was received with the firm's 200 years jubilee. There has been a steady growth over time with 5

employees in 1800; 20 in 1850; 40 in 1900; 150 in 1950, increasing to 700 employees in 2000. Several smaller firms in the same sector were taken over and this has improved the firm's competitive position in the market. The headquarters have never been relocated, but there has been much expansion at the first location. As Van Gerdingen et al. (1997) write about this firm: *"already in 1811, the firm was expanding its core activities, next to the trade in timber, the firm acquired a sawmill in Utrecht. The mill is located at the Zeedijk in Utrecht and in the following years the firm also purchased other houses and land next to this plot to take care of the expanding firm. The area is still in the hands of the firm. On this territory, next to the timberyard, the sawmill and also the offices of the still-expanding firm are located. The sawmill, first powered by a waterwheel, was in 1880 refurbished and powered by a steam engine (pp.14 and 25). With the constantly growing activities, the location at the Zeedijk was no longer sufficient, so additional land was bought in 1937 to open a branch elsewhere in Utrecht" (pp.31).* Several secondary process and product innovations were implemented, for example *"after 100 years of timber trade the firm is old in number of years but, nevertheless, up to date with its machinery. In the beginning of the 20th century the firm used modern Swedish saw frames and circular saws, the abraded battens were transported by motorised boats and the lumber yard was equipped with narrow-rail"* (Van Gerdingen et al., 1997 pp.23). A subsidy was received but this was not essential for survival. In the latter half of the 20th century, investments were made in in-house educational programmes to train employees, in particular since it was hard to find trained personnel in the most recent decades. The firm has always had many facilities for its personnel. During the Second World War, the firm had difficulties in finding resources, sales and with import activities.

Questionnaire 110 [founded in 1801]

This family firm, that produces and distributes ropes and lace, is a single-site firm that has never relocated. Even though the premises are rented, they were able to expand on the current site. The location is at the edge of the town's centre and near the entrance road. Both location and accessibility are deemed sufficient. The company is embedded in a national network of market relationships, but feels that its consumers, suppliers and competition is based internationally. The identity changed, according to the respondent, when the switch was made from manual production to the wholesale selling of the same product. The number of employees has remained constant with four employees since 1800. The firm took over one smaller competitor and this was a positive influence because this takeover increased sales and the number of customers. No real innovations have been implemented, but tertiary innovations have been imitated. The firm has never received subsidies and does not have a strong commitment towards its employees

in the sense of facilities. The firm experienced difficulties in the availability of resources during the Second World War.

Questionnaire 118 [founded in 1804]

This printing house, with a Royal Seal has always been located in Den Haag, although it has relocated several times within the city. Two relocations took place in the early 19th century and again in 1880, 1950 and 1996. The last relocation was from the inner city to an industrial site on the edge of town. All the relocations were necessary because of a lack of expansion space. Both the last and the current locations were also expanded on the same site. Even though this last relocation was relatively recent, the location and accessibility are not really appreciated; the management would have rather stayed at their previous location. The firm operates in a regional network of market relationships and competes on the basis of price. Occasionally its old age is used in marketing and the identity has been the same since founding. Tradition and modernisation have been this firm's guides. It was a family firm for six generations up to 1996 (Boorsma, 2001d) and was then sold to a third party. Recently, two smaller printing companies were taken over and this resulted in more customers and increased scale as positive consequences. There was a gradual growth from 30 employees in 1850 up to 85 employees in 2000. The firm has engaged mostly in tertiary process innovations, mostly in the last half of 20th century, and calls this "*gestadige vernieuwing*" (continuous renewal, Gruythysen, 2002, pp.20). The reason for its long-term success is described as: "*you can only become an old firm when your firm is trustworthy, that needs to show! The firm need to constantly improve itself and never lean back*" (Boorsma, 2001d). Minor problems were experienced during the Second World War as well as some problems with the production techniques, availability of resources and sales. In the most recent decade the firm has, furthermore, experienced some problems with production techniques and with the family capital.

Questionnaire 156 [founded in 1816]

This firm, in foodstuffs and beverages, has two locations, one for production of coffee and tea, which has never relocated, and a different sales location. The premises are owned and have never expanded. The new sales location was essential since the production site needed to expand but the firm did not want to move from its initial location, because the street was named after the firm and not the other way around. The location is on the edge of the centre of town and close to the access road to the town. The location is quite satisfactory to the firm; but accessibility is slightly less satisfying. The company operates in an international network of market relationships, competition is quality-based and they have typical revenues. The firm feels strongly about its unchanged identity since founding, and

uses this in its marketing activities. The founding family is still involved, and the predicate 'purveyor to the court' was received in 1991. Until the opening of the sales location there was only one or two employees, but this then increased to 7 employees. No other businesses have been taken over and the firm has only engaged in tertiary process innovations. During the Second World War there were problems with the quality of production, the availability of resources and the import of goods. There are no facilities for the employees.

Questionnaire 176 [founded in 1820]

This old family firm in business services is a single site establishment, and owns its premises. The current location has never been expanded. There were three relocations within the last two decades, all within the home region. The relocations were necessary because of expansion, with the number of employees doubling in the last 50 years from 6 to 11. The current site is on an industrial park for manufacturing activities and is close to a highway to other cities. Both the location and the accessibility of the current site are satisfactory. The firm operates in a regional network of market relationships, although it has national price competition. Compared to its competitors the firm has typical revenues. The identity has remained the same, mainly because their largely regional customers have always been the same: some customers have been using this particular firm's services for over a century. The management is proud of its 'old age' and uses 'since 1820' on its writing paper and website. One regional competitor was taken over, and this was considered to have had a positive influence on the firm's survival. Only a few tertiary process innovations and imitations with implementing computer controlled processes were implemented in the last two decades. The firm has never received any subsidies and has not experienced any major difficulties during its history or, at least, the manager who filled in the questionnaire says that he does not know about any and his father (his predecessor) could not recall any either.

Questionnaire 184 [founded in 1822]

This firm produces sails in a very traditional manner. The production is still largely manual in a single site establishment. The current location is leased, the firm having been forced to relocate to the current site by property developers. The location is now at the edge of the town's centre and close to a regional bus stop. The management does not appreciate the current location very much; they much preferred the old location since that was part of their history. The accessibility is, however, adequate. The consumers and the competition of this firm are regionally based, and their suppliers are nationally based. The firm competes by quality and craftsmanship; and does better on average than its competition. The identity has

remained the same since founding; the family is still involved and the product and process procedures have not changed. The firm does, however, now use electric sewing machines instead of hand sewing, which seen as the firms most 'important tertiary process innovation', implemented in 1909. Due to this 'mechanisation', the firm, which had 6 employees up to 1900 only had 2 employees in 2000. There have never been any takeovers nor any subsidies received. Due to the small number of employees the firm has never formally arranged any personnel facilities. Nevertheless, according to the respondent, they would take good care of their employees, since they are generally members of the family.

Questionnaire 285 [founded in 1839]

This firm, in chemical manufacturing (oils), has its headquarters in the Netherlands and one production plant in France. The Dutch establishment is owned by the firm and has been expanded on-site. The company has relocated twice during its existence. The first relocation was in 1869, due to a need for expansion, when they moved to another city. The second relocation was in 1997 and again the firm moved to another city, this time both for expansion and also accessibility improvements. The current site is on an industrial park for heavy industry, and close to a general access road in the built environment. The management is very content with both location and accessibility of the site. The firm operates in an international market and competes both on price and quality. The identity is carefully maintained and the management is very proud of its long existence. The old age is used in marketing activities. The family was actively involved in management until 1981. The firm acquired the Royal Seal in 1989 to celebrate its 150 year jubilee. Two smaller companies within the same branch were taken over, in 1869 and in 1985. The first take over was very positive since this expanded the firm's market, the latter one had a minor negative influence since it was not very successful and turned out to be unprofitable. According to memory there were two product innovations. The first was a secondary one in 1913, and the second was a primary one in 1963. Several subsidies for stimulating for innovation and environmental preservation were received, which may have made a small contribution to the firm's survival. Due to mechanisation, the firm has needed fewer and fewer employees, and the firm's size has gradually decreased from 80 employees in 1850 to 15 employees in 2000. There used to be many facilities for the personnel such as social clubs and retirements funds but, nowadays, with the decrease in number of employees only the educational fund remains.

Questionnaire 324 [founded in 1842]

This old firm in foodstuff manufacturing has always been located in the same town, although it did relocate once within this town in 1976 to meet a need for expansion

space. The current site is owned by the firm and it had already been expanded on the new site. The current location is on an industrial park for manufacturing industry and is close to the entrance road to the inner city. The management is satisfied with the location and accessibility. The product is a traditional sweet and, for this reason, only sold on the national market. If there is competition, it is price-based. The firm feels it still has the same identity because the product has not changed, the name did not change, and the location (hometown) did not change. The year of founding is part of the firm's name but is not, as such, particularly used in marketing tools. The family was involved up to 1990, but when there were no successors within the family the firm was sold to another party. The predicate 'purveyor to the court' was received as far back as 1890, and in those days it meant that the firm really did supply or deliver its goods to the royal family. The firm grew steadily, with a maximum number of 50 employees around 1950, with a small decrease to 35 employees in 2000. No other businesses have been taken over. There have been some innovations: in 1842 the primary product innovation, and the product is still produced to the original recipe. Later, only minor tertiary process innovations have been implemented. The firm has received subsidies, although these are thought not have any significant influence on the firm's survival. Most of the family's capital was spent during the depression of the 1930s and there were some difficulties in finding resources and personnel during the Second World War.

Questionnaire 376 [founded in 1848]

This old family firm in the construction sector has six establishments in the Netherlands, although the headquarters have stayed in the original premises. The firm has expanded at their main location in order to create sufficient parking space. This original location is in a residential neighbourhood, which is seen as from ideal. Also the appreciation of the firm's accessibility is very low. They operate in regional consumer markets, but experience national price-based competition. The firm is very proud of its history and continuous identity, and always uses this in marketing activities. They have grown substantially since founding. Around 1850 there were 3 employees, 15 employees in 1900, 75 in 1950 and a slight fall back to 60 employees in 2000. Recently, a small construction company was taken over, which, it is felt, has a positive influence on the firm's market position. Some secondary product innovations have been implemented, the first in 1900, one in 1941 and the last one in 1979. The firm received a subsidy for the last innovation and this did help the firm to survive. The employees can use an educational fund. The management cannot remember having ever experienced much trouble during historically disruptive periods except for small decreases in sales.

From these spatial firm histories it becomes clear that the majority of old firms are embedded in their (original) locations. Particularly to the city or town, and the region, rather than to a specific site. Some firms have changed locations after long periods, but mostly only by short distance. Accessibility has never been a major reason for relocation: even if firms are not that content with their accessibility, they are not willing to relocate. In the histories described above, many times the regional character of suppliers, customers and employees was emphasised, as well as an emotional attachment to the premises and/or the town or city in which the firm is located. From these histories it can also be concluded that most firms exhibit inert behaviour, mostly in terms of product or activity, as well as in locational behaviour. Furthermore, when the firms have grown, it is clear that the growth was stronger in the 'earlier years' and that the growth has reduced or reversed after time, mostly in combination with the mechanization of production.

5.3.2 Takeovers, subsidies and history influencing survival

From the short spatial firm histories, a sense of embeddedness in the firms' initial locations is found. This embeddedness is either due to specific premises, or regional labour markets, or intertwined with regional history. The takeover of other firms (competitors) has a positive influence on firm survival. When all the written questionnaires (even the ones with some missing values) were evaluated for the question 'Did your firm ever take over any other firms, and how did this influence your survival?' the results are shown in Table 5.2.

Table 5.2: Results of old firms' takeovers and their influence on survival in absolute numbers (N= 31)

Take over		No influence	Positive influence	Negative influence
Yes	18	2	14	2
No	13	2		

A slight majority of the old firms that answered this question had takeover, always smaller, competitors. Most of these firms, assessed this takeover activity as having a positive influence on the firm's survival. Explanations for this included: strengthening of market position, decrease of competition, increase in customers, increase in revenues, and/or improvement of the firm's action radius. When a takeover was assessed as having a negative influence on survival, the reasons given were that the take-over was too large a risk, which decreased profits and diminishing bonding with employees.

From the brief spatial firm histories, it looks as though not many firms received any form of governmental subsidy. The results from the completed questionnaires

in Table 5.3, however, give a different impression. A majority of old firms did get some sort of subsidy, albeit most firms did not feel this subsidy had any consequences for the firm's long-term survival. The positive influences were mostly that the money had helped in difficult periods, or was of assistance in implementing compulsory (often environmental) product or process changes.

Table 5.3: Results of old firms' subsidies and its influence on survival in absolute numbers (N= 22)

Subsidy		No influence	Positive influence	Negative influence
Yes	16	8	5	3
No	8			2

In Chapters 2 and 4, it was suggested that all old firms would experience the 'same history' from 1850 onwards. Thus, there were no specific expectations for the influence of disruptive changes in the business environment. Nevertheless, it was asked if and in what way the firms had found some periods difficult; and the results are presented in Table 5.4. Most firms experienced some difficulties in both the World Wars. The Second World War is most remembered as a disruptive period, this is due also to the memory gap associated with earlier periods. Interesting findings from this question are the difficulties with the availability of resources during the wars, which can be explained by hindered transportation and distribution of goods during the war. Furthermore, family firms remember that during the depression of the 1930s the family would use its capital to 'save' the firm from decreasing incomes due to low sales during this period. This corresponds with the findings of Lotti and Santarelli (2001) on family firms as discussed on page 129. In the more recent past, the firms have found it hard to get sufficiently trained personnel, as elaborated by the respondents in two ways. Either the firm is looking for specific craftsmanship, which is no longer available, or with the implementation of computer controlled production techniques, the firms could not attract adequately trained personnel.

Table 5.4: Results on old firms' disruptive periods in history in absolute numbers (N= 22)

	W.W. I 1914-18	Depression 1930-39	W.W. II 1940-45	Cold war 1950-80	ICT-era 1990- present
Family capital		6	1	1	1
Personnel	1	2	7		7
Production technique	1		4		3
Quality of production			2	1	1
Availability resources	7	1	15		
Sales	7	7	14	1	
Import	3		5	1	
Export	2	1	4	1	1
Other:					

Furthermore, some firms mentioned that they were dependent on their personnel, and from this the question 'does your firm have (or had in the past) any of the following facilities for its personnel?' is relevant. The argumentation is that if a firm provided good care for their employees it would have had fewer difficulties during their lives. However, no relationship as such was found. Nevertheless, many old firms did have several facilities for their personnel, as can be seen in Table 5.5 below.

Table 5.5: Personnel facilities old firms have or had in their past (N=24)

Facility	Yes
Staff association	15
Sports club	5
Social club (drama / walking)	4
Firm housing	12
Educational funding for employees	19
Educational funding for employees' children	1
Company retirement scheme	13

Firm housing for employees is definitely something from the past, and is no longer provided by any of these firms. Currently, most firms have educational funding for their employees, mostly provided by in-house training, or job-specific courses. This is beneficial for the firms, especially since some of them have had trouble finding appropriately trained personnel in recent decades.

Van Balen et al. (2002) investigated the influence of four old firms (over 100 years old) on their direct vicinity. They concluded that the influence of old firms on their direct vicinity over a period of 100 years was mostly to be found in the form of

company housing and the firms' buildings, such as factories, or the buildings the firms constructed for their personnel's club or schools. However, they found as well that the non-visible influence was very important, created by the firms' involvement in social life. Van Balen et al. found that the cities in which these firms were located included these firms' long-term presence in their 'image'. For example, the sport club PSV of Phillips, became the city's soccer club. In a small survey of the inhabitants of another town, the non-visible influence of a firm was also found. These people connected with the firm located in their town. The inhabitants still felt that, even though the headquarters of STORK had recently relocated to another town, that the legacy the firm left behind shaped the inhabitants' mentality. The company was to be found in the shape of buildings and social facilities, which are still very dominant in the town, see Figure 5.9 and 5.10 below. Also De Smidt and Wever (1990) find evidence for this, especially when firms dominate the regional economy and many inhabitants of that region are or were employed by this firm.

Figure 5.9 (on the left): The STORK school and in the background one of the factory's chimneys in Hengelo (photo: B.E. Lammerink)

Figure 5.10 (on the right): The outside of the STORK factory in Hengelo (Photo: B.E. Lammerink)



5.4 Spatial distribution of some groups of old firms

In Chapter 2, a map was presented with the current location of all 362 old firms in the Netherlands. Using this map, the spatial distribution of the sub-groups in manufacturing can be traced. The manufacturing groups have been recategorised to the categories used in 1890, in the same manner as has been done in Chapters 2 and 3 (see Sections 2.4.4., 3.3.3 and 3.3.4). Even though these maps give only the current location of the firms, and although some old firms, due to product or activity differentiation, are now in different sectors than they were before 1851,

some manufacturing groups show an interesting spatial distribution. Not all the recategorized manufacturing groups are shown. Although all groups were investigated, not all maps are interesting enough to discuss, especially since some groups are so small in absolute numbers. Five subgroups in manufacturing are explained further: 'book-and-stone printing' (II), 'construction' (III), 'metal construction' (X), 'shipbuilding and other vehicles' (XII) and 'foodstuffs and beverages' (XIV). Even though it was never the main objective of this research, as a side result we may see here a possible outcome of spatial economic processes: do survivors show a specific spatial distribution and in what way have spatial agglomeration and specialization occurred? The objective of this exercise is to see whether or not 'adverse environments', as defined by Vaessen (1993) and Swaminathan (1996), have an influence on long term survival.

The (business) environment of a firm includes the actions of suppliers, buyers, government departments and the whole range of events that comprise the general economic and social conditions in the society in which the firm operates. Vaessen (1993) adopts this view in his research 'small business growth in contrasting environments', although he clearly makes a difference between the 'business' environment and the 'spatial' environment. Vaessen (1993) adds the relative location of suppliers, customers and other actors to the location of the firm. According to Watts (1975), the survival of the firm in the long run depends on the ability of a firm to extend or intensify its market area. Vaessen (1993) agrees that firms can learn to survive in constraining environments through the extension of their markets to a national, or international, level. Swaminathan (1996) argues that firms that were founded in adverse environments, here defined as periods with strong competition in the firm's market, would have poor survival chances in the beginning but, having survived this initial adverse environment, firms would then have good survival chances in the longer term having been 'hardened by battle'. From these findings, it could be assumed that old firms will have higher survival rates in urban areas (more competition in early years of existence) but, conversely, the findings by Vaessen (1993) imply that rural firms that experience adverse environments because of problematic labour markets, distance from the market, etc., suffer more adverse conditions in the founding period. This would imply that survivors are more to be found in rural areas. Over time, these firms will have unintentionally created side effects in the shape of supporting institutions in their own region. Wintjes (2001) found a dynamic relationship between the firm and its regional environment, one that unfolds as a spatial evolutionary process. According to Wintjes the firm's local environment is not static, but undergoes a creative transformation and mutual adaptation of firm and environment, which embeds the firm in its own local or regional environment. The firm loses its freedom of action

and gets ‘locked-in’ to its location over time. As was be seen in the spatial firm histories in Section 5.3.1 and 5.3.2, this is indeed the case for most old firms.

5.4.1 Spatial distribution of five manufacturing groups

In Figure 5.11, the spatial distribution of the ‘book- and stone printing’ manufacturing group is given. From this map it is clear that most old firms, in this group, are located in urban areas, the grey areas in the map. It is apparant that a ‘cluster’ of book printers is to be found in the urban area in and around Amsterdam in the province of Noord Holland. In this subgroup, three-quarters of the old firms from our response have relocated, although 90% of these relocations took place within the firm’s home region. The firm locations in this manufacturing group, as shown on Figure 5.11, are quite similar to the situation in 1851. Comparing this map to the maps in Section 3.3.4, the distribution of oldies in this group is little changed. As Table 3.8 indicated, this manufacturing group increased in importance in the second half of the 20th century. From Figures 3.8, 3.11 and 3.12, it is clear that printing has always been one of the most prominent industrial groups in the provinces of Noord and Zuid Holland. It is thus not surprising to find the surviving oldies in these same areas. Furthermore, the existence of old printing firms in the more urban areas is also to be expected. Before 1851, Amsterdam and Den Haag were already important centres in the Netherlands, see Table 5.6 below, with greater dynamism and probably a better educated population. Such an educated population was needed to start a printing office. Den Haag was already the centre of government, creating a market for printers. As *firm C* (located in Den Haag) indicates: “*In 1812 we received our brevet de tolérance, which made it possible to start this firm here since we were now allowed to print official governmental pamphlets*’ (Gruythuysen, 2002). Even though Rotterdam and Utrecht had sufficient numbers of inhabitants before 1850, these cities do not have survivors within this manufacturing group.

Figure 5.11: The spatial distribution of old firms in the 'book- and stone printing' manufacturing group at their 2001 location

Current locations (2001) of old firms in the 'book-and stone printing' manufacturing group



Table 5.6: Importance of major cities in number of inhabitants and in order in city hierarchy in the Netherlands in 1600, 1795 and 1900

X 1000 inhabitants (rank)	1600	1795	1900
Amsterdam	65 (1)	222 (1)	511 (1)
Rotterdam	13 (12)	66 (2)	318(2)
Den Haag	10 (19)	41 (3)	206 (3)
Utrecht	25 (4)	32 (4)	102 (4)

Source: Kooij (1988)

This does not mean that, within this group large urban areas were always necessary for survival, as evidenced by *firm G*, located in the rural areas; *“early bookbinders were mostly individuals that did all activities concerning books: printing, publishing and sales. In the 18th century, book production increased both in volume and diversity and for this reason our firm decided to locate at a fixed location. Even though located in the province, there was still plenty of activity, for local and national publishing as well as printing of local and provincial governmental work and the printing of the regional newspaper”* (Hagedoorn, 2000).

In Figure 5.12, the present locations of old firms in the construction manufacturing group are given. In this group, only one-third of the respondents had ever relocated and, of these relocations, almost seventy percent took place within the firm’s home region, so the locations on the map remain representative of the construction firms original locations. This group is quite evenly distributed over the Netherlands. It is interesting to see that the construction firms are located mostly in rural areas. In the telephone survey it was found that most old firms in the ‘construction’ manufacturing group are small family firms with less than 5 employees. This group indicated its strong regional dependency: for their demand, but also for their personnel. Construction, however, over time became increasingly important as a manufacturing group, see Table 3.8. The group grew from around 6% of all manufacturing companies in 1820 up to almost 55% in 2001. The even spread of this kind of firm was expected from the distribution of this manufacturing group as described in Chapter 3. Unlike the previous map, construction is not strongly represented in urban areas. This may be explained in two ways. Firstly, by the abolition of the ban on residences outside city boundaries in 1870 and, secondly, by the introduction of the 1901 housing law (Priemus, 2001). These created a need for new houses and, with this, a market for construction firms in the urban areas, together with social housing agencies. So, in the second half of the 20th century it is likely that many new construction firms were founded in the urban areas but these do not show up in our sample of old firms. Furthermore, in the rural areas there was no order prohibiting residence, and therefore the construction sector could

already develop in those areas. Another reason might be as *respondent 4* indicates: “*when our firm started we were a combined firm; in summer the main occupation was our family’s farm, in winter we would occupy ourselves with commercial construction*”. Looking at the historical development, as described in Chapter 3, the construction sector has always been represented strongly in all provinces, making the even distribution of old construction firms readily understandable.

Figure 5.13, on the following page, provides the spatial distribution of old firms that were recategorized back to the manufacturing group ‘metal construction’. Within this group, half of the respondents had relocated, and 6 out of the 7 relocations took place within the firms’ home regions. Thus, the locations shown are quite representative of the original firms’ locations. At first sight the distribution seems similar to that in Figure 5.11. However, on closer inspection, it is clear that the old firms in ‘metal construction’ seem to be located near rivers and harbours. This is probably due to the need to transport supplies and goods to and from these firms. Furthermore, the firms in the eastern part of the country are located there since iron-ore was excavated in these regions. As *Firm Z* indicates: “*this firm was one of the oldest blast furnaces in the Netherlands, the location was important since the region where the firm is located had iron ore in the ground*” (Boorsma, 2001b). The historical development of ‘metal construction’ can be seen in Chapter 3. As early as 1820, ‘metal construction’ appears to have been an important manufacturing group in Noord and Zuid Holland and in Limburg (Figure 3.3) and, in 1874, also in the provinces of Zeeland and Utrecht (Figure 3.5). In 1906, this manufacturing group became also of importance in Gelderland. The spatial distribution of the oldies in this group at present is still mostly based on these provinces.

Figure 5.12: The spatial distribution of firms in the 'construction' manufacturing group at their 2001 location

Current locations (2001) of old firms in the 'construction' manufacturing group



Figure 5.13: The spatial distribution of firms in the 'metal construction' manufacturing group at their 2001 location

Current locations (2001) of old firms in the 'metal construction' manufacturing group



The 'shipbuilding and other vehicles' manufacturing group is shown in Figure 5.14 below. Again, a correspondence with waterways can be found in the provinces of Fryslân, Groningen, Gelderland and Zuid Holland for the production of ships. However, firms in this sector are also found in more 'inland' locations. These firms can be building other kind of vehicles, such as the construction of coachwork. In

this group, only a quarter of the contacted firms relocated and three-quarters of these relocations were only a short distance.

Figure 5.14: The spatial distribution of firms in the 'shipbuilding & other vehicles' manufacturing group at their 2001 location

Current locations (2001) of old firms in the 'shipbuilding and other vehicles' manufacturing group



It can be concluded that this manufacturing group is location bound, especially in the case of shipyards. This manufacturing group was already of importance in 1858 in 'coastal' provinces such as Noord and Zuid Holland, Fryslân and Groningen

(Figure 3.4); however, by 1874 it was only to be found in Zuid Holland, in Rotterdam harbour. In the early 20th century, shipbuilding and the construction of other vehicles again became an important manufacturing group in the coastal provinces (Figure 3.7). Later, this manufacturing group is only found in the northern provinces of Fryslân and Groningen (Figures 3.9, 3.10 and 3.12) and, only in 1963, for the first time did it become one of the important manufacturing groups in the province of Gelderland. This corresponds with Table 3.8: in 1950 and 1963 this manufacturing groups was at its largest within industry. The three provinces of Fryslân, Groningen and Gelderland also then held the most firms in this category. In Figure 5.15, we can see the manufacturing group that has been of the greatest relative importance in the Dutch industrial structure: 'foodstuffs & beverages'. As was seen in Table 3.8, this group made up more than one-fifth of manufacturing up to 1930, relatively diminishing after that. This is also acknowledged by others including, Arnoldus (2002) who argues that 'foodstuffs & beverages' was one of the core sectors of the industrial revolution and of enduring importance throughout the 20th century. This map is, however, the least representative of old firms' original locations in this series since, of the respondents in this group 56% had relocated and only half of these were short distance. This makes this manufacturing group the most 'mobile' of all the old firms' industries. This, of course, does not mean that in this group none of the firms are 'embedded'. For example "*Firm N never left its original location. This firm makes traditional pastries and since they found that 'good taste in pastry is regionally determined' they never left. The firm's market is also regional*" (Boorsma, 2001f). Even though this group is 'mobile', some conclusions can be drawn from Figure 5.15. For example, there is a concentration of firms in and close to Rotterdam: these firms are probably located there because of being conveniently close to the harbour for the import of foodstuffs from overseas. Further, there are two firms in the Zaanstreek (close to Amsterdam), which was traditionally a region well known for its early concentration of manufacturing firms processing raw materials such as coffee, tea and cocoa. The group has been important over the entire period as described in Chapter 3 and, as Arnoldus has already said, was important all over the Netherlands. The old firms in this group are also still located in all Dutch provinces, except for Drenthe.

Figure 5.15: The spatial distribution of firms in the 'foodstuffs & beverages' manufacturing group at their 2001 location

Current locations (2001) of old firms in the 'foodstuffs and beverages' manufacturing group



5.4.2 Adverse environment - a selection tool?

What can be concluded from these maps? First of all the intertwinement of the local, physical environment and the firms seems to be the case at least for some sectors, such as shipbuilding and metal construction. Firms are bound to a specific location, also in the long term, because the activity of the firm makes it essential to

be located close to specific conditions. Secondly, the long-term settlement of firms at the same location, or close by, seems to support Wintjes (2001) view, also for long-term survivors. Firms indeed do get 'locked-in' to their location. Looking at the results of these maps in terms of the assumptions based on Vaessen (1993) and Swaminathan (1996) then the results are ambiguous. For some sectors, such as printing, it is clear that more firms have survived in urban areas, however, as the in example mentioned in Section 5.4.1, these sectors do have survivors in the more rural areas as well. It seems, furthermore, that the printing sector has some sort of clustering of oldies in Amsterdam, and this could be an indication of specialisation of a region. However, considering the current total Dutch firm population, more printing firms are now to be found in Den Haag, which has only two old firms in this group. Also the 'foodstuffs & beverages' manufacturing group has only a small majority of its survivors in urban areas. However, given the higher relocation percentage within this sector, this result might be biased. No evidence of enhanced survival in urban areas or in clusters is thus found in this investigation, as well as no clear indications of spatial agglomeration.

As for the adverse environment, as described by Vaessen (1993), the shipbuilding and other vehicles, construction and metal construction manufacturing groups, seem to flourish in 'adverse environments', that is in more rural areas. However, it has to be considered that for these kinds of firms this environment might not be adverse at all. These firms might have found that a more rural environment was what they required. Furthermore, considering long-term survival as discussed here, it has to be taken into consideration that travel is nowadays much easier and faster than 100 or even 50 years ago (Ter Brugge, 1985; Groote, 1995), as also discussed in Chapter 3. This changes the concept of an adverse environment. Most old firms were, in the founding days before 1851, mostly dependent on local markets of customers, suppliers and competition. Over the long period that these firms have existed, they have become embedded at the location where they happened to be at founding. Perhaps we can conclude, when talking about adverse environments in the context of old firms, that such a thing does not exist in the sense of the definitions given by Vaessen and Swaminathan, especially when the results from Section 5.4.1 are taken into consideration. From the spatial firm histories, it can also be concluded that the economic period in which the firm was founded, either one of depression or prosperity, does not seem to have a direct influence on the long term survival chances.

5.5 Concluding remarks

Looking at old firms from a spatial perspective, especially the results for mobility, foreign establishments and on-site expansion are quite interesting. From an inertia

perspective, for the characteristics of the firms under study, at first sight it is found that in terms of product or activity changes and locational changes, old firms are quite inert. However, a confrontation with a contrasting group is needed. Furthermore, from the analyses in this chapter, an embeddedness in a certain location and a continuous identity are found to be important for the survival of old firms and are indicated as key-elements in long-term survival. The larger context of the regional and local environment, being adverse or otherwise, does not have an influence as such. Also, no hard evidence is found for any cluster-type activities involving long-term survival. The preliminary results from in this chapter suggest that some hypotheses from Chapter 4 are true and others not. This is summarized in Table 5.7.

The extent to which these hypotheses, and the other hypotheses (5, 7 and 8), can be accepted once confronted with a contrasting group (firms of younger age) is investigated in Chapter 6. The importance of identity is investigated further in Chapter 7.

Table 5.7: Conclusions and accepted hypotheses of Chapter 5

Conclusions	Hypotheses
Section 5.2.2: on average older firms have increased the number of employees over time, old firms have different spatial behaviour than young and middle-aged firms. Old firms are differently distributed over the sectors than the total firm population	1: Old firms have different characteristics than young firms ACCEPTABLE
Section 5.2.2: old firms do relocate less, or 'stick' more than younger firms Section 5.3.1: old firms show an emotional attachment to the premises and or the town or city they are located in	2: With increased age, firms create inertia concerning locational behaviour ACCEPTABLE
Section 5.2.2: older firms tend to have more employees and more specifically trained employees; they tend to stay in the home-region.	3: With increased size, firms create inertia concerning locational behaviour ACCEPTABLE
Section 5.4.2: in this long term, one cannot speak of adverse environments. Firms located in environments described by Vaessen as adverse - rural areas – do have slightly less relocations.	4: Firms founded in adverse environments have less relocation history REJECTED

Section 5.2.2: old firms relocate less and do not consider their product much changed	6: Old firms are positively locked in to their location, product and identity
Section 5.2: 73% of old firms do not consider their identity has changed since founding	ACCEPTABLE
Section 5.4.2: for some sectors an intertwinement of local, physical environment and firms is found. Firms get 'locked-in' to their location. Over the long periods that these old firms have existed, they become embedded in the location they happened to be on founding.	
Section 5.2.3: the identity of old firms is mostly represented by the nature of the product. Old firms have a strong identity that remains stable over their existence, an awareness of stability and continuity is regularly found.	9: Old firm's generally inert behaviour is connected to the preservation of its identity, in order to maintain high levels of accountability and reliability ACCEPTABLE

ⁱ Source: Brouwer and Henich (2001). Note: these percentages for the total population are based on all firms in the Netherlands with one to 250 employees, larger firms were not taken into consideration.

ⁱⁱ Source: Chambers of Commerce Netherlands (1997) percentage of firm in corresponding sectors ignoring agriculture, retail and hotel & catering industries. The sectors as listed here are considered to add up to 100%.

ⁱⁱⁱ Source: Chambers of Commerce Netherlands (2004) www.kvk.nl. the KvK define a family firm as one where 2 out of 3 of the following criteria are met: 1) more than 50% of the property is family-owned. 2) The family has a decisive role in strategy and succession. 3) At least two members of the management are family.

^{iv} In the field of geography there exists a fierce discussion about the term 'identity'; this discussion is elaborated further in Chapter 7. As for now, it is assumed that identity is a fixed and objective measurable variable.

^v For a more detailed discussion on the construction of these eight categories and the choices made, see Chapter 7 and Section 7.3.2. For now, the presentation of the results is sufficient.